



# NORTH EAST BUDGET FY 2021

PUBLIC HEARING 7:00 PM

MAY 13, 2020

# FISCAL YEAR 2021 BUDGET HIGHLIGHTS

## ▶ General Fund

- ▶ Budget increased **0.4%** or **\$13,821** from FY 2020:
  - ▶ **\$242,050** in capital expenditures:
    - ▶ \$200,000 Lums Road Repairs
    - ▶ \$42,050 new vehicle for Police Department
- ▶ Continuing to fund outside agencies (**\$19,500**).
- ▶ **More than \$150,000 was cut from the budget as a result of COVID19's impact on revenues.**
  - ▶ There is still the possibility of substantial revenue reductions in Highway User Revenue and Income Tax.
  - ▶ This budget includes a contingency fund of \$83,000 as a cushion against further impacts to revenues from the virus.

# FISCAL YEAR 2021 BUDGET HIGHLIGHTS

## ▶ Enterprise Fund – Water Services

### ▶ **NO RATE INCREASE**

- ▶ Rates for both in town and out of town customers will remain the same as FY 2020.
  - ▶ In Town \$10.10 per 1,000 gallons with a 5,000 gallon minimum
  - ▶ Out of Town \$20.20 per 1,000 gallons with a 5,000 gallon minimum
- ▶ The Town plans to issue \$560,000 in new debt to help fund upgrades to the storage tanks which will add \$31,000 in debt service over 20 years.
- ▶ Budget includes work on several projects identified by the Town's recent needs analysis completed this year.

# FISCAL YEAR 2021 BUDGET HIGHLIGHTS

- ▶ Enterprise Fund – Storm Water Management
  - ▶ The Town has been required to obtain a permit from the Maryland Department of the Environment to discharge storm water into the surrounding waterways.
    - ▶ Must mitigate 20% of untreated run off (26.10 acres)
    - ▶ In FY 19 undertook a study to determine how to achieve the requirements.
  - ▶ The Mayor & Commissioner decided a storm water management fee is the most equitable way to allocate the costs of this unfunded mandate from MDE and the US Department of the Environment.

# FISCAL YEAR 2021 BUDGET HIGHLIGHTS

- ▶ Enterprise Fund – Storm Water Management Cont.
  - ▶ The fee for FY 2021 will remain \$5.60 per residential property per quarter and \$5.60 per equivalent residential unit (ERU) for commercial, industrial, institutional, and non-profit uses per quarter.
    - ▶ Fee is assessed to all properties in the corporate limit including churches, schools, fire houses and other tax exempt properties.
      - ▶ Apartment complexes are treated as commercial properties for the purposes of calculating the SWM fee.
      - ▶ An ERU is calculated by dividing the actual impervious surface by 1,180 sqft and rounding to the next whole number.

# FISCAL YEAR 2021 BUDGET HIGHLIGHTS

- ▶ Enterprise Fund – Storm Water Management Cont.
  - ▶ The SWM fee will raise \$160,200 in revenue to cover required activities associated with the permit and engineering for a project to meet the 26.10 acre requirement.
    - ▶ Project will most likely be a shoreline restoration project which would cost approximately \$200,000.
    - ▶ Other activities such as mapping and evaluating the Town's storm sewer system will also need to be undertaken in future years.



# FISCAL YEAR 2021 BUDGET HIGHLIGHTS

## ► Contingency

- In accordance with Chapter 2 Article 604(4) at least 1.5% of the total expenditures has been budgeted as Contingency.
  - General Fund - \$83,487 (2.6%)
  - Water Fund - \$75,000 (1.7%)
  - Storm Water Fund – \$2,879 (1.8%)
    - Should be used to cover unexpected drops in revenue or increases in expenditures.

# FY 2021 RATE & FEE CHANGES

## ▶ General Fund

- ▶ Refuse Fee 3% increase to cover increased contact fees per the contract awarded in 2017 - \$212 (from \$206)

## ▶ Water Rates & Billing

- ▶ Foregoes the recommended rates from the Water Utility Rate Study completed in FY 2017 (scheduled 3.5% increase).

## ▶ Storm Water Rates & Billing

- ▶ No changes from FY 2020.



# GENERAL FUND: UNASSIGNED FUND BALANCE

▶ Anticipated Beginning Fund Balance	\$2,590,000
▶ Less 2021 Fund Balance draw	(\$ 213,168)
▶ Less 90 Day Cash Reserve	(\$ 828,545)
▶ Less Stabilization Fund	(\$ 331,418)
▶ Available Unassigned Fund Balance	\$1,216,869

# GENERAL FUND: COMMITTED FUND BALANCE

- ▶ Anticipated Beginning Fund Balance    \$1,580,866
- ▶ Less 2021 Fund Balance draw                    (\$    89,000)
- ▶ Plus 2021 Additions – sick leave payouts        6,070
  
- ▶ Available Unassigned Fund Balance    \$1,497,936

# ENTERPRISE FUND-WATER SERVICES: UNRESTRICTED FUND BALANCE

▶ Anticipated Beginning Fund Balance	\$2,700,000
▶ Less 90 Day Reserve	(\$1,082,003)
▶ Less Stabilization Fund	(\$ 432,801)
▶ Less 2021 Fund Balance Draw	(\$ 561,120)
▶ Available Unrestricted Fund Balance	\$ 624,076

# ENTERPRISE FUND – WATER SERVICES: RESTRICTED FUND BALANCE

▶ Beginning Fund Balance	\$685,907
▶ Plus 2021 Major Facility Fees	\$143,500
▶ Available Restricted Fund Balance	\$829,407

# ENTERPRISE FUND – STORM WATER: UNRESTRICTED FUND BALANCE

▶ Beginning Fund Balance	\$174,743
▶ Less 90 Day Reserve	(\$ 40,050)
▶ Less Stabilization Fund	(\$ 16,020)
▶ Available Unrestricted Fund Balance	\$118,673

# SALARIES & BENEFITS

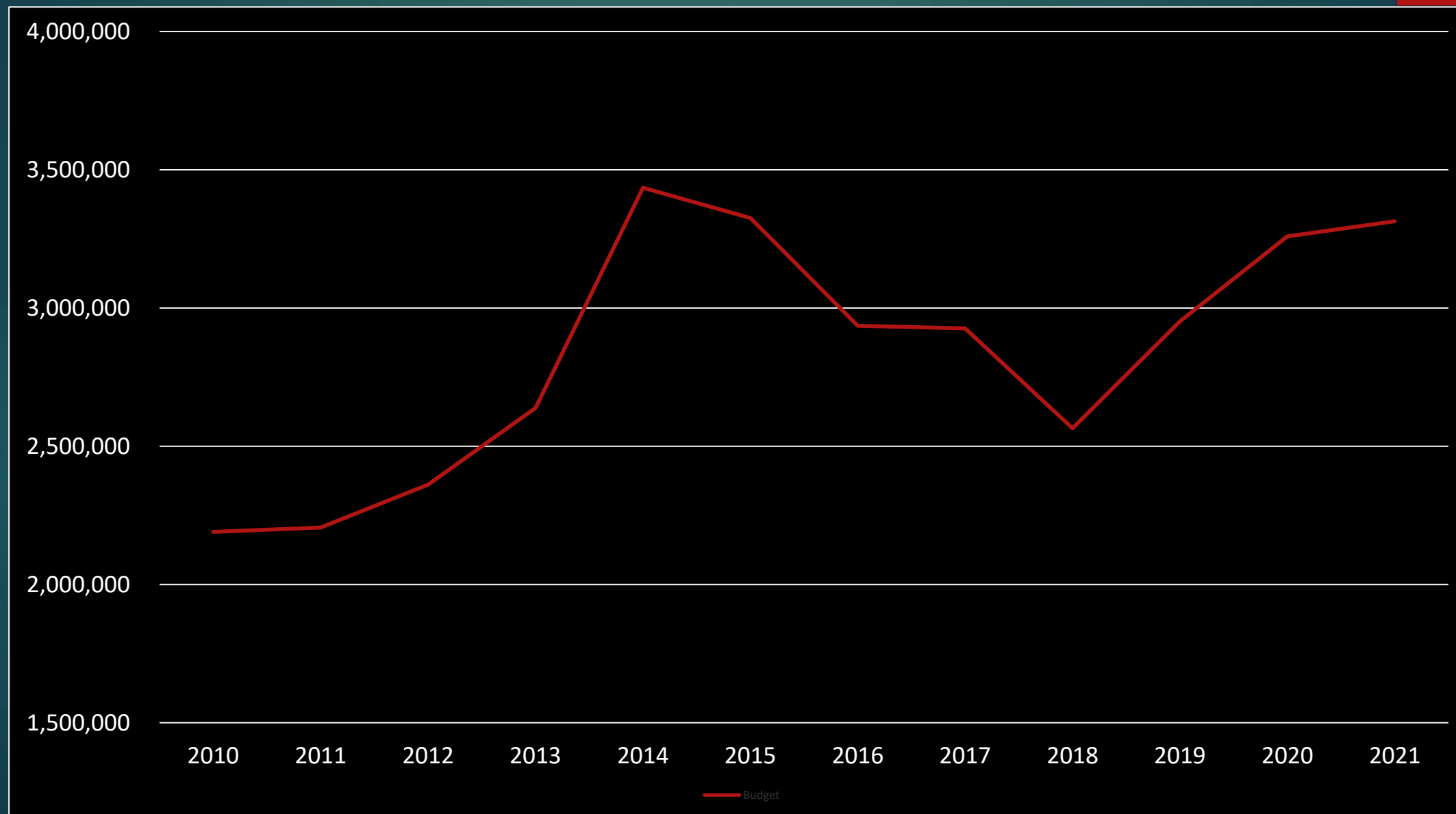
- ▶ 2.5% Cost of Living Adjustment.
- ▶ Health Insurance
  - ▶ Town will continue with the LGIT Health Cooperative overseen by the Local Government Insurance Trust.
    - ▶ The plan keeps benefits and deductibles the same.
    - ▶ The structure of the co-op allows the town to receive a minimum of 70% of any claims surplus at the end of a plan year which will result in additional savings during “good” years while limiting the impact of “bad years”
      - ▶ FY 2020 was a “bad year” for the Town there were several high dollar claims.
      - ▶ 19.3% Increase in premiums but all of that increase goes to Claims Fund and can be reimbursed at the end of the year if we have a “good year”.
  - ▶ The Town will continue to fund health insurance deductibles for employees through a Health Savings Account.



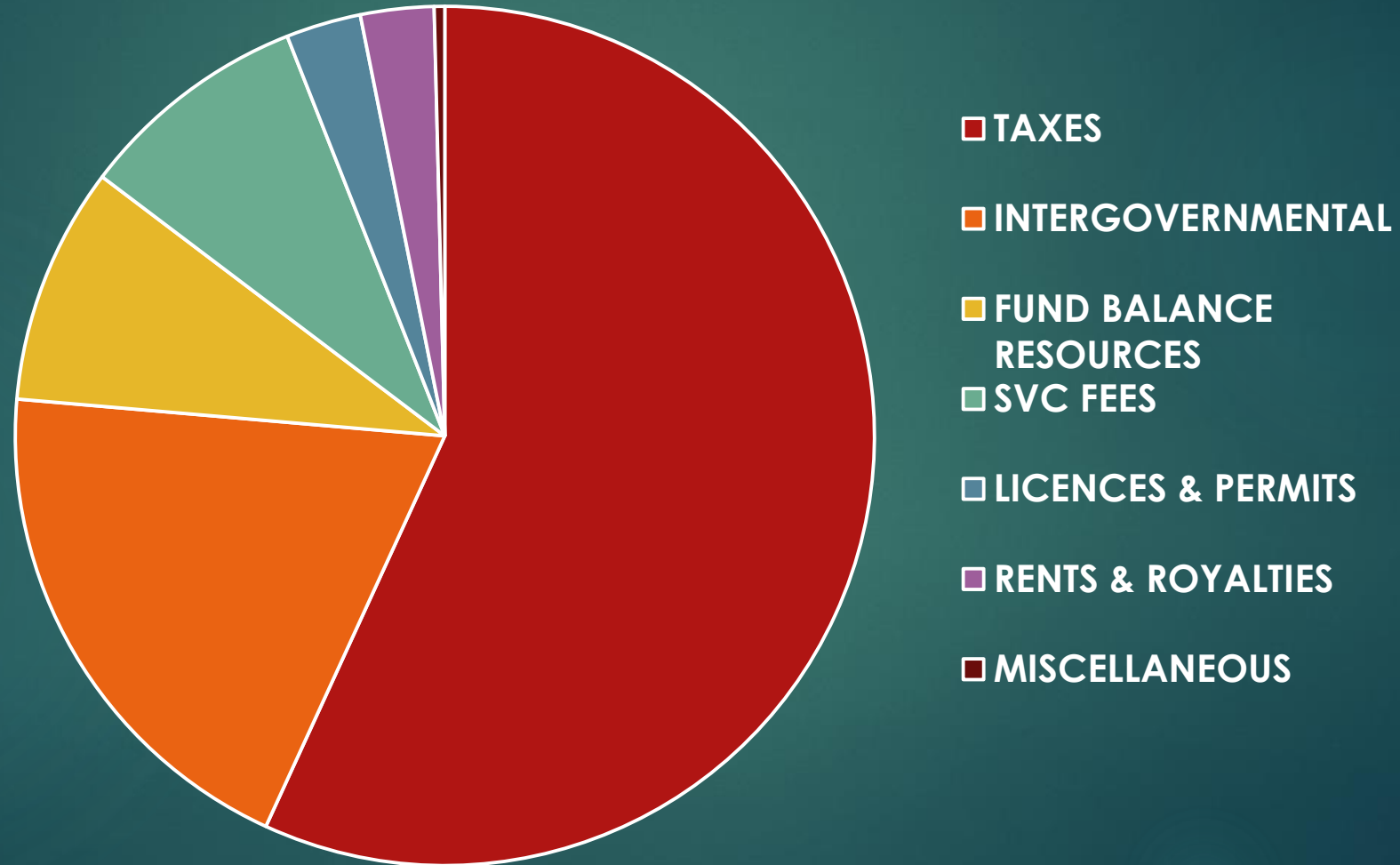
# PROPERTY TAX RATE

- ▶ The tax rate is proposed at the current rate of **\$0.48 per \$100** of assessed value.
- ▶ The proposed rate is above the Constant Yield Tax Rate of \$0.4617 per \$100 of assessed value.
  - ▶ *The effect of a “tax increase” on a \$200,000 property will be **\$36.60 per year.***
  - ▶ **In prior year's the Town's rate of \$0.48 was below the Constant Yield Tax Rate and residents received a tax reduction in those years.**

# GF: Budget FY 2010-2021



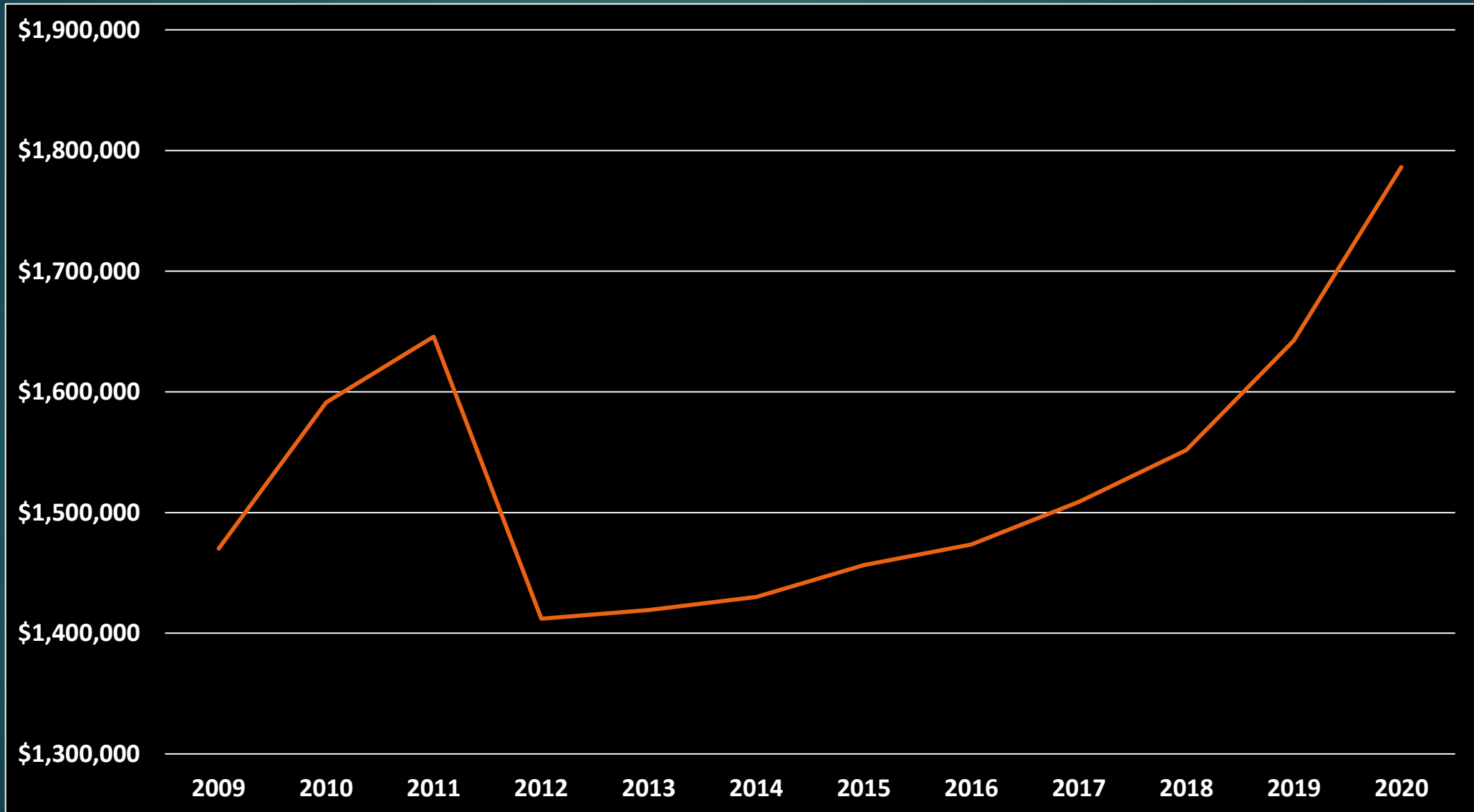
# GENERAL FUND REVENUES BY SOURCE



# REVENUE OUTLOOK: PROPERTY TAXES

- ▶ FY 2021 is the third year of a three year assessment cycle.
  - ▶ Real Estate Property Taxes – will increase \$36,000 over FY 2019 (2.9%)
    - ▶ New assessments will be mailed by SDAT at the end of the year and will be effective for FY 2022.
    - ▶ Currently real estate sales show prices are stable/rising which should have a positive effect on assessments.

# REVENUE OUTLOOK: PROPERTY TAXES



# REVENUE OUTLOOK: HIGHWAY USER

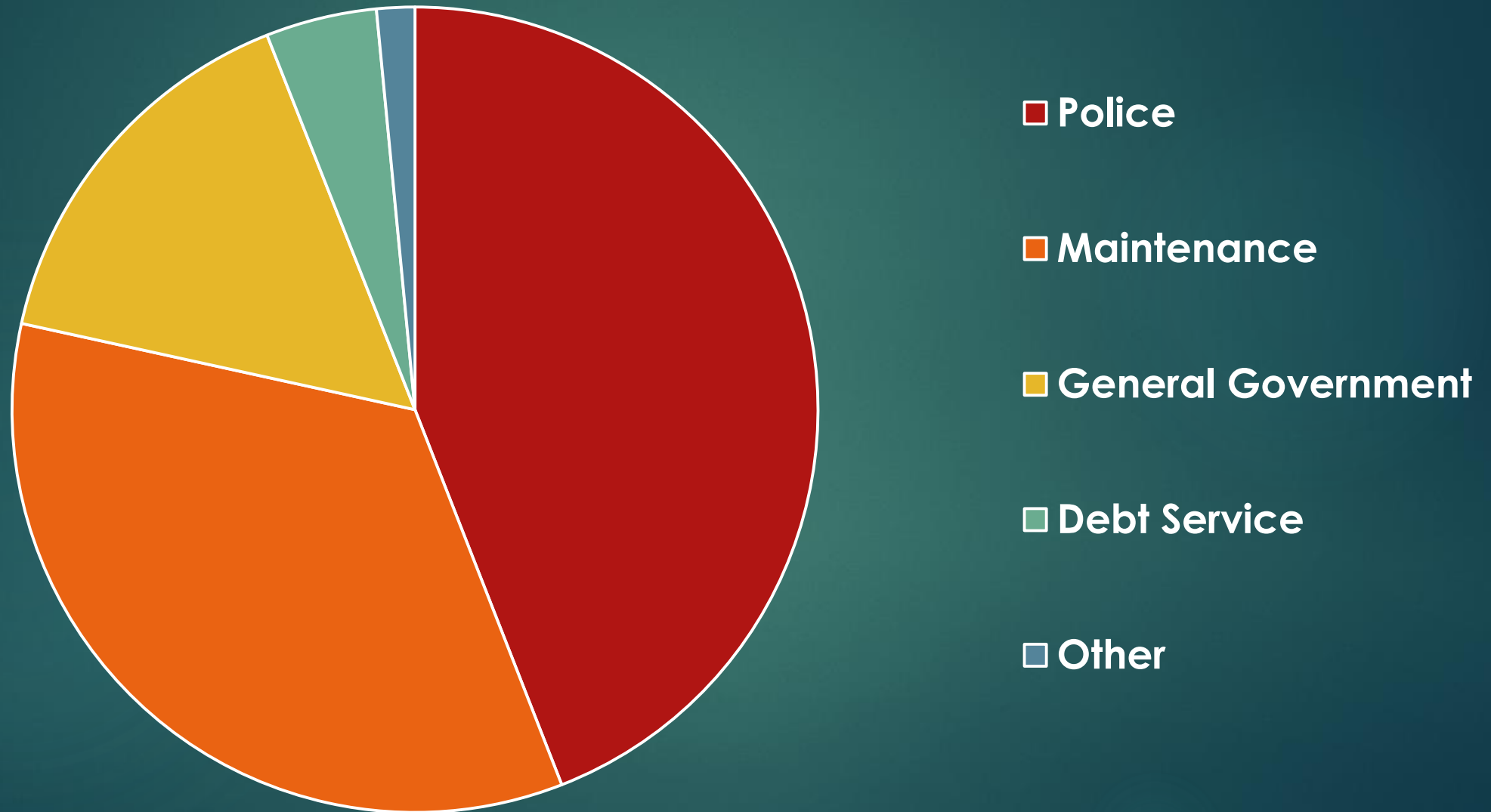
- ▶ The state distributes a share of the tax on gasoline & diesel to the counties and municipalities.
- ▶ In FY 2010 the state drastically reduced the amount of HUR distributed to municipalities & counties in an attempt to fix their budget.
  - ▶ HUR went from \$125,000 in FY 2008 to \$9,000 by FY 2011.
- ▶ Revenues are projected to be \$117,000 in FY 2021.



# REVENUE OUTLOOK: HIGHWAY USER



# GENERAL FUND EXPENDITURES



# HOW YOUR TAX DOLLARS ARE SPENT

Police  
\$44.07

Maintenance  
\$34.37

Gen Gov't  
\$15.58

Debt Service  
\$4.46

Other  
\$1.52



# WATER ENTERPRISE FUND BUDGET ANALYSIS

- ▶ The FY 2021 budget does NOT implement the scheduled rate increases as outlined in the 2017 Rate Study.
  - ▶ Due to Town staff and engineers re-working the Capital Improvement Plan for the system based on changing needs/uses.
  - ▶ This is the second consecutive year of no increase in the rates.
  - ▶ The Town may need to consider commissioning another rate study in FY 2022 to help determine rates going forward in light of newly identified projects.

# FY 2021: WATER REVENUES BY SOURCE

